recognizing a good loan

Questions to ask before you take out a loan

- What's the interest rate?
- Is it quoted in annual terms as an Annual Percentage Rate?
- Will you pay interest only on the amount borrowed or is the interest calculated in advance and added to the amount borrowed?
- Are there any fees to apply?
- Are you permitted to pay the loan off early without penalty?
- What are the consequences if your monthly payment is late?
- What happens if several payments are late?
- What is the collateral for your loan?
- What is at risk if you default on the loan?
- Can you honestly afford the monthly payment?

Credit unions consider the borrower's overall financial health and ability to repay before granting loan approval. If a new loan would not be in the best interests of the member, they will make other suggestions and try to find other ways of achieving the member's financial goals.

When you borrow from your Credit Union, the interest rate is always quoted as an Annual Percentage Rate and calculated using the simple interest method. That means that you only pay interest for the actual number of days between payments and on the declining balance. As you repay the loan, the amount taken from each payment for interest is less and less with regular monthly payments. And there is NEVER a penalty for pre-payment. In fact, we encourage it!

Want to know more? Please stop by to speak with one of our loan officers or give us a call.

WARNING SIGNAL #4

You're now making payments in 60 or 90 days that you used to always make in 30.